

TO: City of Albany Industrial Development Finance Committee
FROM: City of Albany Industrial Development Agency Staff
RE: Loughlin Dawn, LLC - IDA Application Summary
DATE: October 5, 2018

Applicant: Loughlin Dawn, LLC

Managing Members (% of Ownership): Norm Massry for Loughlin I, LLC (50%) and Mark Rosen for Loughlin II, LLC (50%).

Project Location: Sandidge Way, Albany, NY

Project Description: The Project proposes to construct 252 residential apartment units in seven buildings on five (5) tax parcels totaling 6.49 acres of land. There will be a clubhouse/office portion of one building, common areas and parking for 343 cars including 188 parking spaces at the lower level of the residential buildings. In addition, 57 parking spaces are banked for potential future use. Based on a letter from the City of Albany Assessor (dated 07-10-2018), it is anticipated the assessed value of this property will increase from \$2,503,331 to \$27,300,000 and the project will produce an additional \$8,817,333 in revenue to the taxing jurisdictions over the course of the PILOT.

Estimated Project Real Property Benefit Summary (23 Years):

	Status Quo Taxes (no project) Homestead Rate	Project Impact (PILOT Payments)	Net Benefit
Revenue Gain to Taxing Jurisdictions	\$2,536,586	\$11,353,919	\$8,817,333

	Current Value	Anticipated Future Value*	Net Increase
Property Value Increase	\$2,503,331	\$27,300,000	\$24,796,669

*Project Impact Assessed Value based on letter from the City of Albany Assessor dated 07-10-18

At the end of the PILOT period, the project is anticipated to make annual tax payments to the taxing jurisdictions of \$2,031,265 based on an assessed value of \$27,300,000 and an annual tax rate of \$74.42.

Estimated Investment: \$51,687,445 (est)

Community Benefits: Please see the attached CAIDA Project Evaluation and Assistance Framework Staff Analysis for more detail on the Community Benefits metrics below.

- *Revitalization:* The project is located in a Targeted Geography within the City, notably a high vacancy census tract. The project also supports an existing cluster as an Identified Growth Area.
- *Job Creation:* The project is committing to the creation of seven permanent and 165 construction jobs.

- *Investment:* The project is anticipating a project cost of more than \$51 million, the applicant has also committed to the Community Commitment of regional labor guarantee.

Economic Impact Analysis:

Temporary Construction Impact (Construction) - 2019

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	199.31	\$15,255,244.24	\$20,390,174.51	\$38,018,070.00
Indirect Effect	81.69	\$5,098,007.57	\$7,561,940.46	\$12,606,758.00
Induced Effect	71.78	\$3,773,551.39	\$6,769,414.51	\$10,769,121.69
Total Effect	352.79	\$24,126,803.00	\$34,721,529.00	\$61,393,950.00

Permanent Operation Impact (Theater) – 2024

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	5.00	\$349,810.16	\$894,196.12	\$990,432.04
Indirect Effect	1.81	\$98,181.37	\$179,480.12	\$290,695.48
Induced Effect	1.54	\$82,633.15	\$148,233.49	\$235,229.68
Total Effect	8.35	\$530,625.00	\$1,221,910.00	\$1,516,357.00

**excerpt from CDRPC Economic Impact Analysis Report dated 10-10-2018*

Employment Impact:

- Projected Permanent: 7 jobs
- Projected Retained: 0 jobs
- Projected Construction: 165 jobs

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$18,830,070

Estimated Total Mortgage Amount: not to exceed \$38,765,584

Requested PILOT: The proposal entails the Applicant entering into four separate PILOT agreements with the IDA consistent with CAIDA Project Evaluation and Assistance Framework abatement percentages.

Third Party Review: In response to the Board’s request, a third party evaluation of the appropriateness of the applicant’s PILOT request has been received and reviewed by staff. The third party determined that the assumptions included within the application in addition to the abatement requested were well within reasonable parameters.

Cash on cash return is a simple and straightforward method to calculate return on investments that involve long-term debt borrowing. We use this as our baseline analysis metric to keep comparisons consistent and variables limited across projects. The third-party analysis relies on the internal rate of return method due to its advantage of including the time value of money and property appreciation. Calculating the internal rate of return is more complicated because it requires the projection future of cash flows of the investment, including the sale of the investment at the end of the holding period. This

analysis provides a more in-depth and project-specific measurement of anticipated return to review in conjunction with the straightforward cash-on-cash method.

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$1,506,406
- Mortgage Recording Taxes: \$387,656
- Real Property Taxes: \$22,886,141
- Other: N/A

Baseline Requirements:

- Application: Complete
- Meets NYS/CAIDA Requirements: Yes
- Albany 2030 Alignment:
 - Increase job opportunities for all residents.
 - Encourage investment in urban land and buildings for employment and housing.
- Planning Approval Status: Full Planning Board approval
- Meets Project Use Definition: Yes
- Meets “But For” Requirement: Yes, affidavit signed.

Cost Benefit Analysis: See attached Exhibit A: Description of The Project Evaluation and Expected Public Benefits.

Estimated IDA Fee

- Fee amount: \$516,874

CAIDA Mission:The purpose of the Industrial Development Agency is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities. The Agency aims to protect and promote the health of the inhabitants of the City of Albany by the conservation, protection and improvement of the natural and cultural or historic resources and environment and to control land, sewer, water, air, noise or general environmental pollution derived from the operation of industrial development.